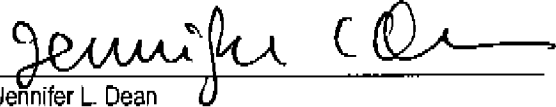


DRINKER BIDDLE & REATH LLP

1500 K Street, N.W., Suite 1100

Washington, D.C. 20005-1209

(202) 842-8800

<p>1. NAME OF CONVEYING PARTY:</p> <p>RSM Richter Inc., as interim receiver in bankruptcy for 3297225 Canada Inc. A Canadian corporation</p>	<p>2. NAME AND ADDRESS OF RECEIVING PARTY:</p> <p>4187237 CANADA INC. A corporation of Canada 8125 Boulevard St-Laurent Montreal, Quebec Canada H2P 2M1</p>
<p>3. NATURE OF CONVEYANCE:</p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Release of Security Interest <input checked="" type="checkbox"/> <u>ASSET PURCHASE AGREEMENT</u></p> <p>3A. EXECUTION DATE: June 23, 2004 3B. EFFECTIVE DATE: June 23, 2004</p>	<p>2A. ASSIGNEE A FOREIGN ENTITY:</p> <p><u>Yes</u></p> <p>2B. DOMESTIC REPRESENTATIVE DESIGNATED:</p> <p>N/A</p>
<p>4A. TRADEMARK APPLICATION NOS.:</p> <p>Additional numbers attached? NO</p>	<p>4B. TRADEMARK REGISTRATION NO(S):</p> <p>Reg. No. 2,315,474 – OSCAR LEOPOLD</p> <p>Additional numbers attached? NO</p>
<p>Jennifer L. Dean Drinker Biddle & Reath LLP 1500 K Street, N.W., Suite 1100 Washington, D.C. 20005-1209 Ph: 202-842-8800</p>	
<p>6. TOTAL NUMBER OF TITLES: 1</p> <p>7. TOTAL FEE: \$40</p> <p>8. CHARGE FEES TO: DEP. ACCT. NO. 50-0573</p> <p>Our Ref: 33195.300</p>	<p>9. The undersigned declares to the best of her knowledge and belief that the information on this cover sheet is true and correct and any copy submitted is a true copy of the original document.</p> <p> Jennifer L. Dean Date: July <u>7</u>, 2004 Page 1 of 9</p>

CH \$40.00 500573 2315474

FILED BY FACSIMILE TO: (703)306-5995
July 7, 2004



ASSET PURCHASE AGREEMENT**AGREEMENT for the purchase of assets entered into in the City and District of Montreal, on June 23rd, 2004**

BY AND BETWEEN: RSM RICHTER INC. (formerly Richter & Associés Inc.), in its capacity as Interim Receiver with limited powers with respect to the assets of 3297225 Canada Inc., and without personal liability (hereinafter referred to as the "Vendor")

AND: 4187237 CANADA INC., a legal person duly constituted, having a place of business at 8125 boul. St-Laurent, Montreal, Quebec (hereinafter referred to as the "Purchaser")

A) WHEREAS 3297225 Canada Inc. (hereinafter referred to as the "Corporation") is indebted towards Banque de Developpement du Canada (hereinafter referred to as "BDC") and granted security in favour of BDC to secure its indebtedness, including, without limitation, the following security:

- (i) a hypothec for an amount of \$300,000.00 published on July 22nd, 1998 at the Register of Personal and Moveable Real Rights of the Province of Quebec ("RDPRM") under number 98-0092407-0001;
- (ii) a hypothec for an amount of \$300,000.00 published on May 30th, 2000 at the RDPRM under number 00-0140658-0001;
- (iii) a hypothec for an amount of \$150,000.00 published on May 30th, 2000 at the RDPRM under number 00-0140658-0002;
- (iv) a hypothec for an amount of \$150,000.00 published on June 22nd, 2000 at the RDPRM under number 00-0172385-0003;

(collectively referred to as the "BDC Security"); and

- B) WHEREAS the Corporation is indebted towards Bank of Montreal (hereinafter referred to as "BMO") and granted security in favour of BMO to secure its indebtedness, including, without limitation, the following security:
- (i) a hypothec for an amount of \$5,400,000.00 published on April 25th, 2002 at the RDPRM under number 02-0167148-0001;
 - (ii) the security under Section 427 of the *Bank Act*;
- (collectively referred to as the "BMO Security"); and
- C) WHEREAS the Purchaser offered, on May 31st, 2004 and June 17th, 2004 respectively, to acquire certain assets of the Corporation subject to the respective BDC Security and BMO Security; and
- D) WHEREAS the Vendor has been appointed Interim Receiver under the *Bankruptcy and Insolvency Act* (the "Act") with the specific power to enter into this sale agreement pursuant to the judgment rendered by the Superior Court, Commercial Division of the Province of Quebec, District of Montreal, on June 22nd, 2004, a copy of which is attached as Schedule "A" (the "Appointment and Approval Order").

WHEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. **Preamble**

- 1.1 The preamble is deemed to be part of this Agreement as if recited at length herein.

2. **The Assets**

- 2.1 The Vendor hereby sells and the Purchaser hereby purchases the following assets, as of the date hereof, namely:
- (i) Inventories of the Corporation described on Schedule "B" situated at the Corporation premises, namely 8125 boul. St-Laurent (referred to as the "Premises"), composed of raw materials, components, work-in-progress, finished goods, operating supplies and packaging materials;

- (ii) Accounts receivable and the inter-company indebtedness due by 3928489 Canada Inc., the whole as listed in Schedule "C" annexed hereto;
- (iii) Rights to all leasehold improvements and other fixtures pertaining to the business of the Corporation in the Premises;
- (iv) All equipment, machinery, tools, instruments, spare parts, furniture, furnishings and accessories, office equipment and supplies and other tangible personal property owned by the Corporation, situated in the Premises, the whole as listed in Schedule "D";
- (v) Rights to intellectual property, including rights to telecommunications, data communications and management information systems pertaining to the business of the Corporation, situated in the Premises, including telephone, computer equipment, operating systems and application software and all peripherals and other devices, attachments and modifications owned or leased by the Corporation to the extent the foregoing can be transferred by the Corporation, and rights to registered and unregistered trade marks and trade mark applications, trade names, logos, websites, domain names, telephone and fax numbers, commercial symbols, industrial designs, service marks, copyrights, patents and patent applications, licenses, sublicenses, certifications, trade secrets, patterns, drawings, formulas, technical information, merchandising information and materials, research and development data, concepts, methods, procedures, manual systems, know-how and all other confidential and proprietary information and intellectual and industrial property of the Corporation pertaining to its business, the whole as listed on Schedule "E".

(collectively referred to as the "Assets")

3. The Excluded Assets

3.1 The following assets shall be specifically excluded from this sale (the "Excluded Assets"), namely, all tangible property of the Corporation subject to leases or conditional sale agreements or otherwise belonging to third parties, including without limitation, the assets described in Schedule "F".

4. The Purchase Price

4.1 **The price:** The purchase price for the Assets shall be the sum of One Million Three Hundred and Fifty Thousand Dollars (\$1,350,000.00), the

Vendor herein acknowledging receipt thereof, which purchase price shall be allocated as follows:

- (i) to BMO, the sum of One Million Two Hundred and Sixty Thousand Dollars (\$1,260,000.00); and
- (ii) to BDC, the sum of Ninety Thousand Dollars (\$90,000.00).

4.2 **Election:** The Vendor and the Purchaser shall execute the relevant form for the exemption of the payment of GST and PST. The Vendor and the Purchaser shall also execute an election as to the sale of the accounts receivable under Section 22 of the *Income Tax Act (Canada)* or any similar tax legislation and designate in such election an amount equal to the portion of the purchase price allocated to accounts receivable. The Purchaser shall nonetheless be responsible for all sums due for GST or PST as a result of the sale of the Assets and shall indemnify the Vendor with respect thereto. This indemnity shall survive the sale.

5. **No Assumption of Liabilities**

5.1 Except for its undertaking to return or to make any such other agreements with the claimants to "Property of Others", Excluded Assets and 3.1 above, the Purchaser shall not assume and shall not be liable for any obligations or liabilities of the Corporation related to the business of the Corporation or the Assets.

6. **Assignment of Contracts**

6.1 Nothing herein shall be construed as requiring the Vendor to assign any contract or agreement which, as a matter of law, is not assignable in whole or in part without the consent of the other party or parties thereof unless such consent shall have been given.

7. **As is, Where is**

7.1 The Purchaser hereby purchases the Assets on an "as is, where is" basis at its own risk and peril and agrees that it is relying entirely upon its own investigation and inspection thereof. Except as provided herein, the Purchaser acknowledges that the Vendor does not make any representation and does not give any warranties, express or implied, statutory or otherwise in respect of the Assets or in respect of any other matter related to the present transaction.

8. Representations and Warranties of the Vendor

8.1 The Vendor represents and warrants to the Purchaser that:

- (i) the Vendor is duly authorized to sell the Assets to the Purchaser pursuant to the terms of the Appointment and Approval Order;
- (ii) the Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act (Canada)*.

9. Additional Documents and Language

9.1 The Vendor agrees to sign, at the request of the Purchaser, acting reasonably, any other documents necessary or useful to give effect to this transaction.

9.2 The parties hereby declare to have requested that the present agreement be drafted in English; les parties déclarent avoir requis que la présente convention soit rédigée en anglais.

AND THE PARTIES HAVE SIGNED AT THE PLACE AND ON THE DATE ABOVE MENTIONED:

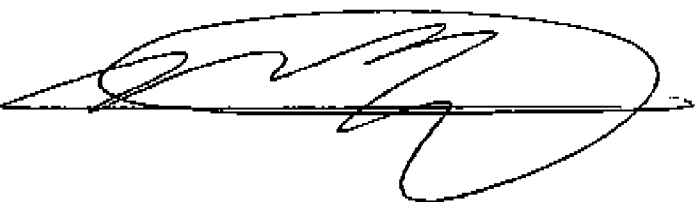
THE VENDOR:

RSM RICHTER INC. (formerly Richter & Associés Inc.), in its capacity as Interim Receiver with limited powers with respect to the assets of 3297225 Canada Inc.

Per: 

THE PURCHASER:

4187237 CANADA INC.

Per: 

Schedule E

Lot 3
Intellectual Property

Oscar Leopold Intellectual Property

	Description	
	Rights if any, to trade marks, trade names, orders on hand, etc., including the following:	
	Austin Royce	
	Laurence Roy Leathers - Les cuirs Laurence Roy	
	Oscar Leopold	